



## STATE BUDGET 2008-09: SPECIAL SESSION

# EMPLOYMENT STIMULUS FOR CALIFORNIA

## A SPECIFIC ACTION PLAN TO GENERATE JOBS AND BOOST CALIFORNIA'S ECONOMY NOW

*The crisis in our nation's financial markets has compounded the difficulties California's economy is experiencing. The steep decline on Wall Street has caused our revenues to nose-dive and the budget we signed just six weeks ago to fall out of balance. In addition to advocating for a second federal economic stimulus package and taking action to keep California families in their homes, the Governor knows California needs immediate relief. He has called a special session of the Legislature to pass a plan to invigorate our economy, and has prescribed an action plan of targeted proposals that will immediately generate jobs for California's unemployed and put real dollars into our economy now.*

**California is suffering the serious effects of Wall-Street induced economic malaise and joblessness – generating jobs is the key to recovery.** A housing market wrought with foreclosures, a slowing economy and a volatile Wall Street have created an unprecedented financial crisis that is taking a toll on hardworking Californians.

- Our unemployment rate stands at 7.7%.
- Our state accounts for nearly one-third of the nation's foreclosure activity each month.
- Our outdated tax structure has created a feast-or-famine revenue stream that is currently starving our budget.

**Governor Schwarzenegger has a plan of targeted actions that will stop our economy's downward spiral now.**

Like his plan to stem the foreclosure rate and reform mortgage practices to keep California families in their homes now and in the future, the Governor's prescription for employment stimulus contains specific actions to generate new jobs, as well as keep existing jobs and businesses in California and lure others back to the Golden State. The major elements of his plan are:

- **Workplace reforms to assist California businesses and put an end to costly lawsuits.**
- **Clearing regulations in order to push specific funding that is already "in the pipeline" out into the economy sooner.**

<i><b>Proposal</b></i>	<i><b>Stimulus</b></i>
<u><b>Accelerate Hospital Construction:</b></u> Streamline the permitting and review process for non-structural hospital construction projects under \$2 million. This will reduce the review and construction permit time for already-planned projects from 10 months to as little as 2 weeks.	<ul style="list-style-type: none"><li>• Immediately accelerate the injection of approximately \$160 million of "in the pipeline" hospital construction projects into California's economy.</li><li>• Provide a boost to employment in the California construction sectors.</li></ul>
<u><b>Accelerate Bond Spending:</b></u> Push out the remaining \$700 million in Proposition 1B local streets and roads funds and \$800 million for public transit. Pair it with \$3 million in Workforce Investment Act funds to local job training providers to help out-of-work housing construction employees transition into new streets and roads construction jobs. Also expedite nearly \$1 billion in transportation and water infrastructure funds for specific projects that will get shovels in the ground and Californians into jobs this fiscal year.	<ul style="list-style-type: none"><li>• Create jobs; a conservative estimate shows that every \$1 billion in infrastructure spending leads to 18,000 jobs.</li><li>• Will help unemployed residential construction workers in the hardest hit areas of the state get trained in a new type of construction.</li></ul>
<u><b>Provide Overtime Exemptions:</b></u> Exempt employees in executive, sales, administrative,	<ul style="list-style-type: none"><li>• Keep high-paying jobs from leaving the state. (For every 10,000 jobs paying more than \$100,000</li></ul>

and professional jobs who earn more than \$100,000 annually from overtime pay.	<p>placed out of state, California's economy misses out on \$1 billion in employee spending.)</p> <ul style="list-style-type: none"> <li>• Save approximately \$90 million per year in employee classification costs.</li> </ul>
<p><u>Allow More Flexible Work Schedules:</u></p> <p>Allow employees to work more flexible hours upon request, such as 10 hour work days for a 40 hour work without being paid overtime.</p>	<ul style="list-style-type: none"> <li>• Reduce absenteeism and boost productivity, which save employers real dollars.</li> <li>• Raise employee retention rates, which will reduce claims on the Unemployment Insurance trust fund.</li> </ul>
<p><u>Clarify Meal And Rest Period Laws:</u></p> <p>Clarify existing law regarding meal and rest periods to provide employers and employees with a clear understanding of meal breaks and offering flexibility to both businesses and workers.</p>	<ul style="list-style-type: none"> <li>• Will save businesses hundreds of millions of dollars in litigation costs.</li> <li>• Less confusion means fewer terminations over meal break violations and a more welcoming work environment.</li> </ul>
<p><u>Reduce Barriers To Public-Private Partnerships And "Design-Build" Agreements:</u></p> <p>Take down barriers to public-private partnerships and "design-build" agreements to enable more infrastructure to be built better, faster and cheaper.</p>	<ul style="list-style-type: none"> <li>• Will generate tens of thousands of construction jobs, and will particularly benefit those workers disproportionately affected by the housing downturn.</li> </ul>
<p><u>Keep Television And Film Production In California:</u></p> <p>Provide targeted tax credits from 20-25% to the film and television industry to help keep production in California – focusing on new production and production returning to the state.</p>	<ul style="list-style-type: none"> <li>• Keep thousands of jobs in the state.</li> <li>• California's share of TV and film production activity has slipped from 66 percent to 31 percent in the past five years; this proposal would seek to bring back some of that share.</li> <li>• Every \$100 that is spent on production in California generates \$285 in economic output.</li> </ul>